

Before the
FEDERAL COMMUNICATIONS COMMISSION
Washington, DC 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of

GVNW Request for Clarification of
Certain Rules in Parts 32 36, and 54 and 69CC Docket No. 96-45
DA No. 98-1421**REPLY COMMENTS OF BELL ATLANTIC¹**

In its comments on GVNW's request for clarification, AT&T argues that the Commission should require the local exchange carriers to recover their contributions to the universal service fund through increases in subscriber line charges. AT&T, 3-4. That argument should be rejected.

The Commission has already resolved this argument against AT&T, both in the access charge reform order and in the universal service order, where it expressly allowed the local exchange carriers to recover their universal service contributions through the access rates charged to carriers. Access Charge Reform, 12 FCC Rcd 15982, ¶¶ 378-79 (1997); Federal-State Joint Board on Universal Service, First Report and Order, 12 FCC Rcd 8776, ¶¶ 853-55 (1997). If AT&T disagrees with that decision, its remedy is to ask for reconsideration of those orders, but it must do so within 30 days, not over a year later.

¹ The Bell Atlantic telephone companies ("Bell Atlantic") are Bell Atlantic-Delaware, Inc.; Bell Atlantic-Maryland, Inc.; Bell Atlantic-New Jersey, Inc.; Bell Atlantic-Pennsylvania, Inc.; Bell Atlantic-Virginia, Inc.; Bell Atlantic-Washington, D.C., Inc.; Bell Atlantic-West Virginia, Inc.; New York Telephone Company; and New England Telephone and Telegraph Company.

47 U.S.C. §405(a); 47 C.F.R. §1.429(d). Indeed, as AT&T notes, it has already raised this issue in its July 11, 1997 petition for reconsideration of the Commission's access charge reform and universal service decisions (which Bell Atlantic opposed).² AT&T's arguments may only be addressed in the context of those proceedings.

Moreover, in its comments here, AT&T mischaracterizes the Commission's orders governing the treatment of universal service costs by price cap carriers. In its access charge reform order, the Commission expressly instructed the price cap carriers to treat these costs as exogenous adjustments to the common line, interexchange, and trunking baskets based on the amount of end user revenues in each basket. See Access Charge Reform, ¶379. Nonetheless, AT&T claims that, if the Commission here adopts the same rules for rate-of-return carriers that it previously adopted for price cap carriers, then universal service contributions "should be recovered from flat-rate charges such as the Primary Interexchange Carrier Charge ("PICC") rather than usage charges such as the Carrier Common Line Charge ("CCLC")." AT&T, p. 4. This is simply wrong. In the case of price cap carriers, universal service contributions that are allocated to the common line basket may well affect carrier common line charges to the extent that presubscribed interexchange carrier charges are at the cap.

² See AT&T Petition for Reconsideration and Clarification, CC Docket Nos. 96-45, 96-262, at 2-7 (filed July 11, 1997); Comments of Bell Atlantic on Petitions for Reconsideration, CC Docket No. 96-262, at 20-22 (filed August 18, 1997). AT&T's first choice for recovery of universal service contributions is through a surcharge on all interstate retail revenues (AT&T, pp. 3-4), which Bell Atlantic does not oppose if it is imposed evenly on all end users.

As a result, whatever decision the Commission reaches regarding recovery of universal service contributions by rate-of-return carriers, the Commission should reject AT&T's characterization of the rules that apply to price cap carriers.

Respectfully submitted,

A handwritten signature in dark ink, appearing to read "Joseph DiBella", is written over a horizontal line.

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Dated: August 20, 1998

CERTIFICATE OF SERVICE

I hereby certify that on this 20th day of August, 1998, a copy of the foregoing
"Reply Comments of Bell Atlantic" was sent by first class mail, postage prepaid, to the parties
on the attached list.

A handwritten signature in black ink, appearing to read "Jennifer L. Hoh", written over a horizontal line.

Jennifer L. Hoh

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